

FINANCIAL LITERACY

"A BUDGET IS TELLING YOUR MONEY WHERE TO GO INSTEAD OF WONDERING WHERE IT WENT"



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DO YOU FEEL FINANCIALLY SECURE?

- 42% of Canadians rank "Money or Finances" as their biggest stressor
- 68% of those surveyed say fighting over money is the top reason for relationship breakups.

With almost half of Canadians now living paycheck-to-paycheque, even the smallest financial hit can have major consequences.

Me-Dian Credit Union's focus is on financial education, and it all starts with financial literacy.

CHAPTER 1: WHY WE NEED TO UNDERSTAND OUR FINANCIAL SITUATION

When we think about monthly obligations we normally think about:

- rent
- mortgage commitments
- car payments
- credit card debt

But what are the other things we need to spend our money on?





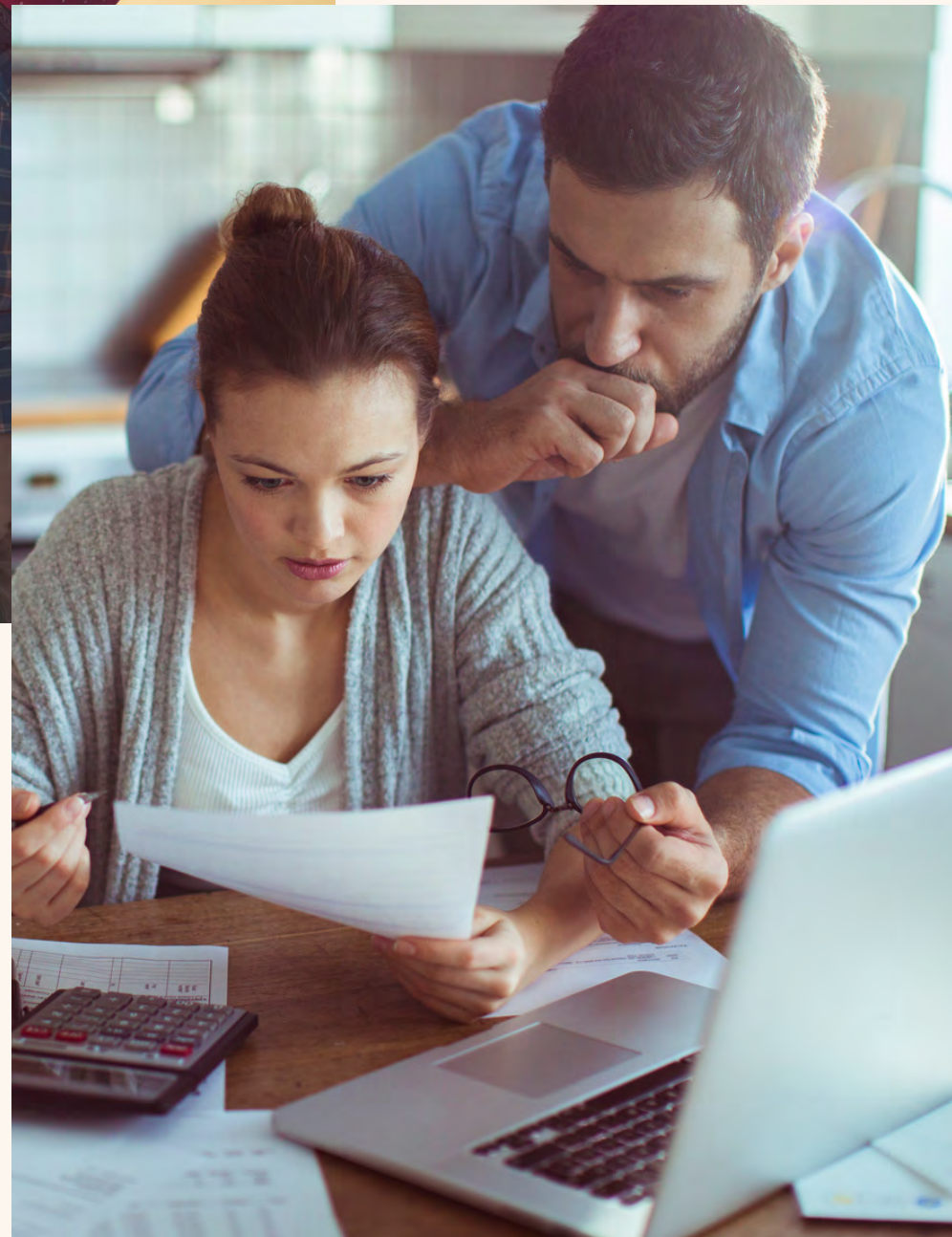
WHY WE NEED TO UNDERSTAND OUR FINANCIAL SITUATION

In order to plan your future you'll need to understand where your money goes today.

We're about to meet Joe and Sara.

They think they are making good money and feel that they should be able to make ends meet, but they still struggle.

With the temptation of credit cards and plans that offer "buy now/pay later" payment methods at their favorite stores it was easy to start living beyond their means, and spending more money each month than what their income actually is.



LET'S MEET JOE AND SARA

04

Joe works full time at a textile plant where he has been there for ten years and has recently got a promotion as a supervisor.

Sara works part-time at the local grocery store so she can be there when their two children arrive home from school.

With Joe's raise they believed their financial situation would improve and they could start planning for that family vacation they talked about, but were surprised that they found it hard to make their funds last from one day to the next.

Where do they start?



Create a Budget

The most important thing in understanding your financial situation is to be able to see what you spend your money on and see how it's allocated.

When making a budget it's important to be honest with yourself about where your money is going.



1. GET ORGANIZED

Record all your expenses on a bi-weekly or monthly basis so you know where your money goes.



2. IDENTIFY SHORT AND LONG-TERM GOALS

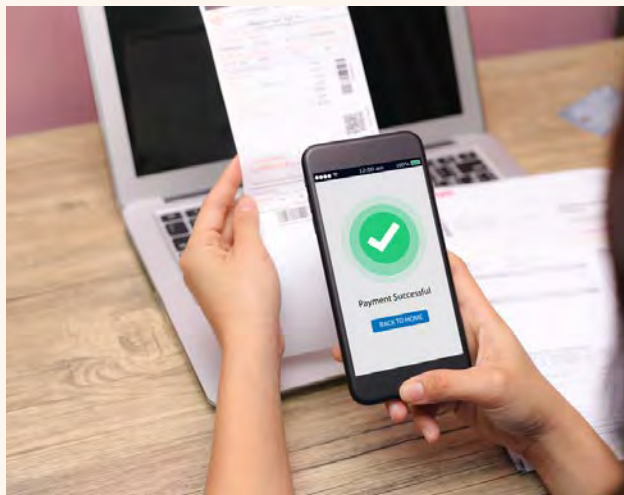
Build different Savings plans into your budget for your future goals.

4 EASY STEPS FOR A BUDGET



3. DIVIDE EXPENSES BETWEEN "WANTS" & NEEDS

Identifying what you need compared to what you want makes budget planning easier.



4. MAKE YOUR PAYMENTS ON TIME AND PAY MORE THAN THE MINIMUM PAYMENT

Using a calendar to make your bill payments on your payday allows you to ensure your bills are on time.

Also try making more than the minimum payment to get you out of debt faster.

4 EASY STEPS FOR A BUDGET

JOE AND SARA'S BUDGET

STEP 1

They entered their income and monthly expenses

STEP 2

They kept track of their expenses for a month and recorded all of the expenses that were planned and unplanned.

Joe and Sara then reached out to Me-Dian Credit Union's financial advisor to start their financial planning.

What Did They Learn?

Joe and Sara realized a large portion of their money was going to credit card payments, but they were mostly paying for the interest.

They agreed to contact their providers to see what they could do to reduce their costs.

They were also surprised at how much the "little things" added up such as:

- Giving money to their children for school lunches and spending
- Going to the grocery store for "one thing" and spending \$20 - \$30
- Lunch with co-workers
- Ordering take-out for dinner 3 times a week



WHERE DOES YOUR MONEY GO?

Everyday for a month, keep track of everything you buy. Record your groceries, daily coffee, and other spending. Use this to set up a monthly budget.



	DAILY	WEEKLY	MONTHLY	YEARLY
COFFEE	\$1.77	\$12.39	\$49.56	\$594.72
ADD A DONUT	\$2.96	\$20.72	\$82.88	\$994.56

Try and pay off your credit card each month.
If that isn't possible, ensure you are always making
at least the minimum payment required.

Apply for credit cards with lower interest rates (ex.
12% or less)

See the comparison chart to see how much of a
difference it makes by paying more than your
minimum payment and looking for a credit card that
has a lower rate.

CREDIT CARD DEBT

RATE AND PAYMENT COMPARISON

CREDIT CARD	CREDIT CARD A	CREDIT CARD B
INTEREST RATE	11.90%	28.8%
AMOUNT OWING	\$3,000	\$3,000
MONTHS TO PAY OFF IF PAYING \$50/MO.	70 MONTHS	166 MONTHS
TOTAL INTEREST	\$1,025.16	\$7,059.76
MONTHS TO PAY OFF IF PAYING \$100/MO.	36 MONTHS	103 MONTHS
TOTAL INTEREST	\$578.48	\$4,209.69
AMOUNT TO PAY IF PAYOFF IN 24 PAYMENTS	\$3,383.22	\$3964.61
TOTAL INTEREST	\$383.22	\$964.61

CHAPTER 2 WHERE DO I WANT TO GO?

Make the Right Financial Choices

How much could you save by....

- Making your lunch instead of buying it?
- Brewing coffee at home instead of buying at a coffee shop?
- Going out less often?





PRIORITIZE

Do you need it?



ORGANIZE

Do you already have it?

MORE MONEY SAVING TIPS



PRE-AUTHORIZE

Prevent late fees by having automatic payments set up for all of your bills and subscriptions.

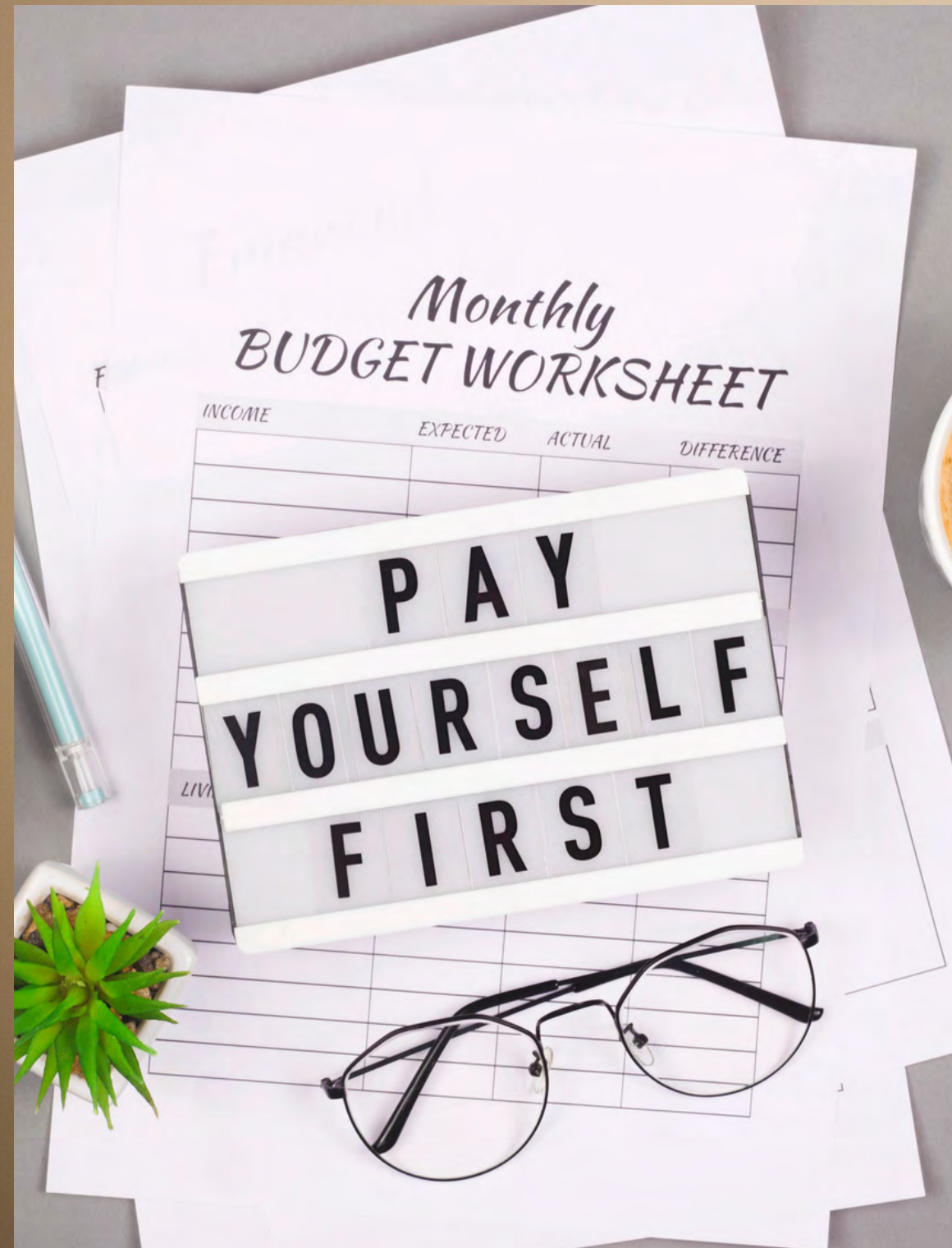


SIMPLIFY

Try to avoid any impulsive purchases, such as online shopping if you don't need anything at the moment.

Purchasing items with a coupon or trying to find the next "deal" can be helpful, but should not be the only reason to shop.

MORE MONEY SAVING TIPS



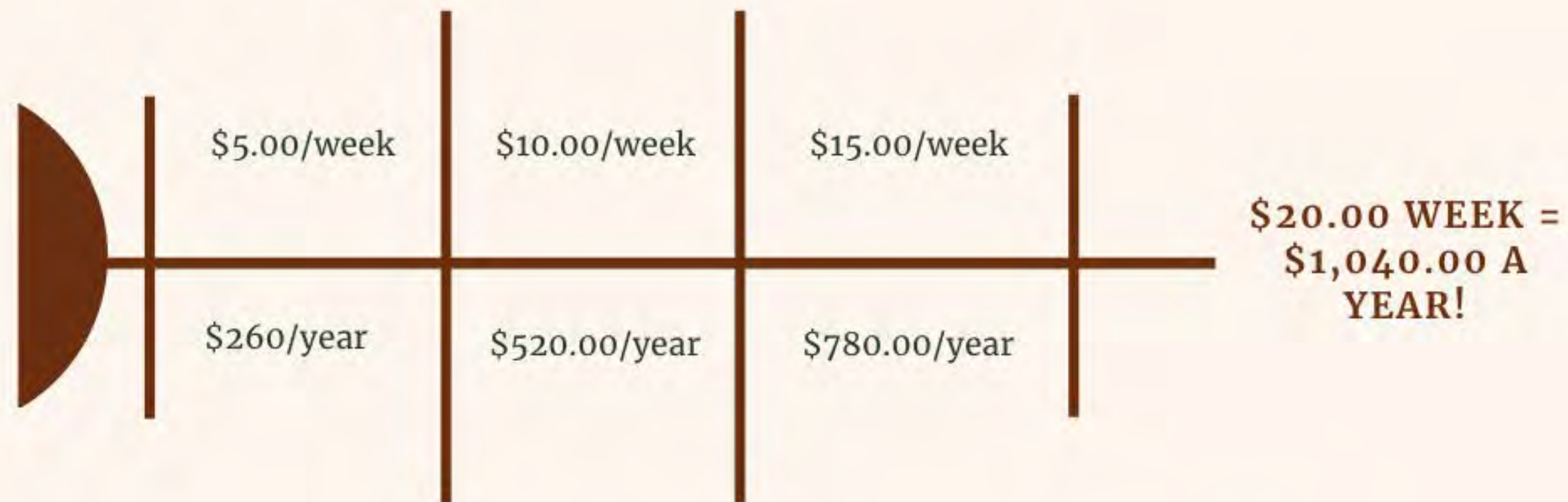
Pay Yourself First

The majority of individuals think of saving as the last source of "leftover" funds after paying all expenses.

Paying yourself is the most important part of financial independence.



HOW MUCH CAN YOU SAVE IN A YEAR?



Can you save \$20.00 a week? or even \$10.00 a week? Look how quickly your money would grow!

A short-term goal is a goal that you set for yourself that can be accomplished in the near future - like a week or a month.

A long-term goal is a goal that measured in years or even a few years or more.



SET GOALS

SHORT AND LONG TERM
GOALS ARE BOTH
IMPORTANT

EMERGENCY FUNDS

WHAT IS AN EMERGENCY FUND?

An emergency fund is an account to set aside funds in case of a financial hardship. These may include:

- Job loss
- Illness or short term disability
- Major home or vehicle repairs

Unexpected financial emergencies can arise anytime, and an emergency fund is an important part of financial planning.

We just saw you can save over a \$1,000 a year by putting away just \$20 a week.

CREDIT is the ABILITY to borrow money
DEBT is the RESULT of money borrowed

There are advantages and disadvantages to credit.

ADVANTAGE

- You're able to purchase big ticket items (vehicle, home, etc.) that would otherwise take a long time to save for.
- It can save you money by consolidating your high interest debt.
- Getting a loan will strengthen your credit history as you make payments on time.

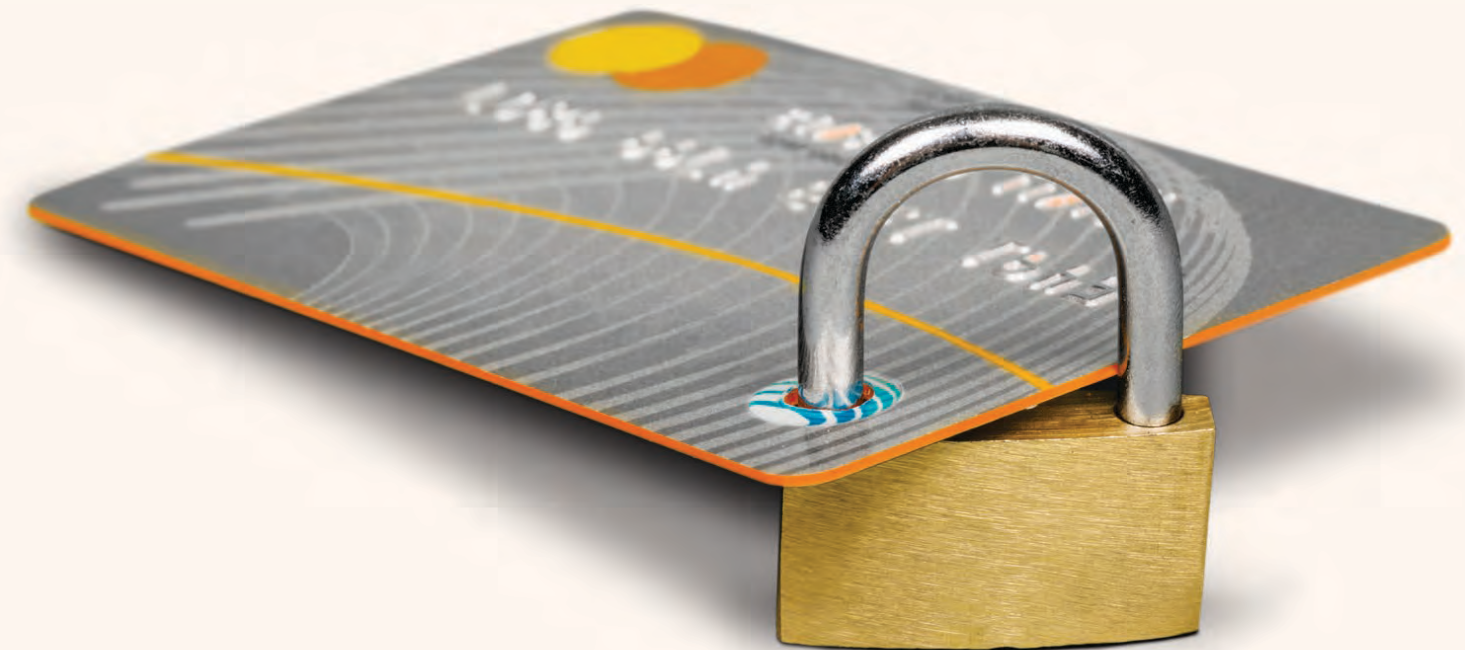
DISADVANTAGE

- If you misuse your existing credit, you may not qualify for additional credit when you really need it.
- More costly than saving to make a purchase.

Did you know?

If you apply for multiple lines of credit frequently (credit cards, loans, etc.) and regardless if you are approved or not, you risk your credit score to lower as you're continuously requesting for your credit to be reviewed.

ADVANTAGES AND DISADVANTAGES OF CREDIT



CREDIT DECISIONS

If you've ever applied for a loan or a credit card you have probably heard that the financial company will have to "pull" your credit bureau.

Lending institutions use the credit bureau as one of their tools to help them make the decision of whether or not you will be approved for credit.

Financial institutions then report back to the credit bureau on a regular basis as to how their members are paying back their existing debt.

The credit bureau companies then take all of this information and turns it into a credit score.

Missing loan and credit card payments or not making these payments on time are just some of the ways that this can negatively effect your credit score, and your future borrowing needs.

Let's look more closely at the credit bureau and what makes up your credit score.



THE CREDIT BUREAUS & CREDIT SCORES

WHAT IS A CREDIT BUREAU?

A Credit Bureau is a company that collects information regarding your credit, reports on how the debt is paid back and gives a credit score.

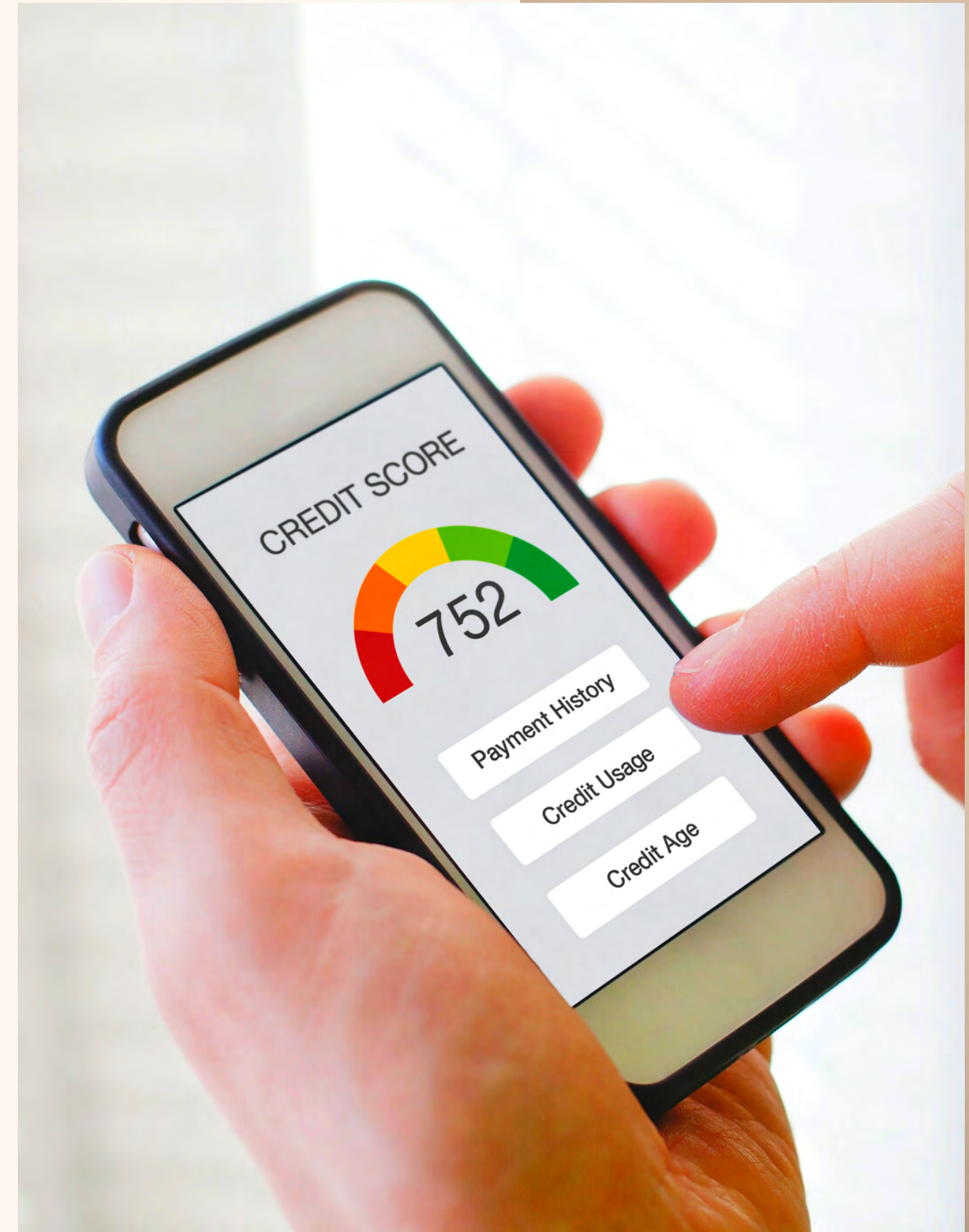
WHAT IS A CREDIT SCORE?

A credit score also known as a beacon score can range from 300 for a new or damaged credit bureau & can be as high as 900 points. Any thing higher than 600 is considered the minimum to qualify for credit.

WHAT DOES A CREDIT SCORE LOOK AT?

- Your payment history
- Your used credit vs. available credit (utilization)
- Length of time you have had open credit
- Public records (Name changes, address, DOB)
- Number of inquiries on your credit (hard checks)
- The types of of credit you have

Do you know your credit score?



Once you know what your credit score is, the good news is that you have the ability to improve it.

Here are some tips to improve your credit score for the long run, and help you achieve your financial goals.

- Always make your payments on time.
- Keep your credit card debt to 70% or less of your credit limit.
- Never go over your credit limit.
- Keep your credit applications to a minimum or only when you need them.
- If you do need to apply for a credit, open different types to show you have a good standing across different lines of credit.
- If you are having issues making payments or coming close to maxing out your credit cards, meet with your financial advisor to see if a consolidation loan can be an option for you.

HOW TO IMPROVE YOUR CREDIT SCORE





NEXT STEPS FOR JOE AND SARA

Now that Joe and Sara have a budget they feel they know where their money goes.

To save more on their bills thought they could ask their service providers if they had any options to change their plans.

To their surprise when they contacted their cable provider they were able to sign up for a 1 year term with more channels for \$20 less a month.

As they felt cable was a requirement for their household, this was a good decision to reduce their monthly expenses.

When Sara called her cell phone provider they reviewed her cell phone usage and recommended a new plan that saved them money as well.

Once you recognize your spending habits you can make the changes you need to reach your goals.

At Me-Dian Credit Union we offer the opportunity for a fresh start.

Our financial advisors will help you build or grow your credit.

We understand that life happens, and sometimes that means that it can become difficult to maintain your credit.

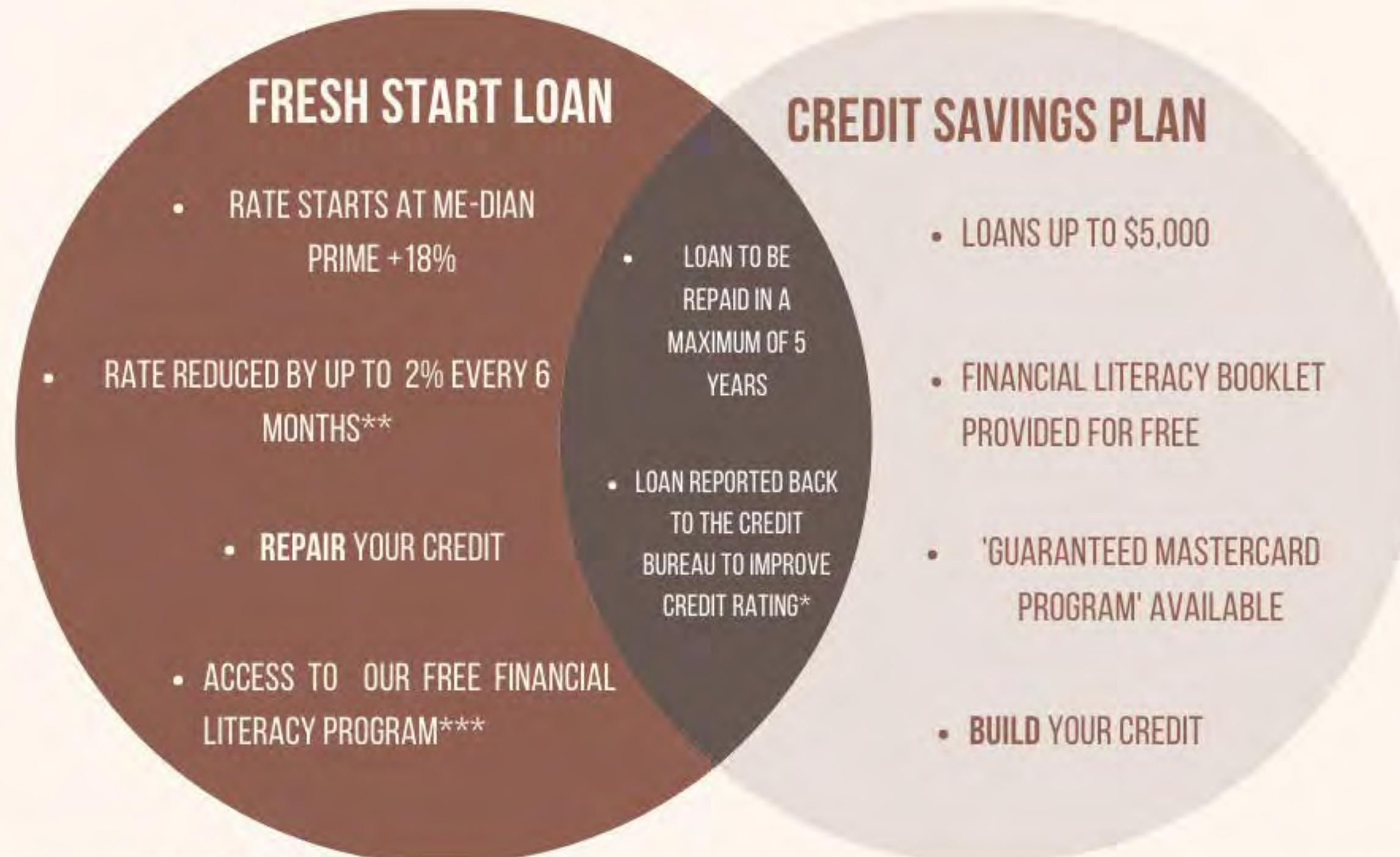
With a Fresh Start loan we can help you consolidate your credit debt.

Even if it went to collections, you can start fresh with one payment and you will most likely be paying less than you were before.

CHAPTER 3 ME-DIAN FRESH START LOAN

WHY ME-DIAN CREDIT UNION?

The Fresh Start you May Need



*Credit improvement in as little as six months

**If paid as agreed and bank account is in good standing
= no cheques returned due to insufficient funds

***A test is required to qualify for fresh start program

FRESH START LOAN

START REBUILDING YOUR CREDIT
TODAY AND EASE YOUR MONTHLY
FINANCIAL OBLIGATIONS

NEXT STEPS

- 01** CONTACT A ME-DIAN CREDIT UNION ADVISOR TO ARRANGE AN APPOINTMENT
- 02** COMPLETE THIS FRESH START ONLINE COURSE
- 03** ONCE THE ME-DIAN ADVISOR GOES OVER YOUR CREDIT BUREAU WITH YOU, THEY WILL GUIDE YOU IN COLLECTING ALL THE PAYOUT LETTERS FOR YOUR CURRENT AND PAST DUE CREDIT ACCOUNTS
- 04** THE ME-DIAN ADVISOR WILL PREPARE A CONSOLIDATION LOAN FOR YOU THAT FITS YOUR CURRENT FINANCIAL NEEDS. NOT ONLY WILL THIS REDUCE YOUR MONTHLY PAYMENTS, BUT IT WILL HELP REBUILD YOUR CREDIT



CONCLUSION

Joe and Sara decided to complete a new budget with all of the adjustments they accomplished.

To their surprise, they now have a significant amount of surplus funds.

They decided to set aside the additional money into a savings account to save for a trip back home next summer to watch Sara's niece graduate.

This was a goal of Sara's but she never thought it would happen.

Now they are one step closer to their financial freedom and are excited to achieve more of their financial goals.

A person stands on a grassy dune at sunset, with their arms raised in a celebratory gesture. The sun is low on the horizon, creating a warm, golden glow across the sky and reflecting on the ocean. The person is silhouetted against the bright light of the setting sun. The background shows the ocean and a distant shoreline with some structures.

Congratulations!

On completing our Financial Literacy booklet.

You're one step closer to your financial
freedom!